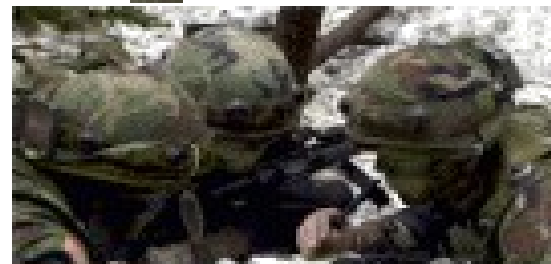




Assistant Secretary of the Army Financial Management and Comptroller

Joint Reconciliation Program Video Tele-conference



Phase II Triannual Review Ending May 31,
2006

July 20, 2006

1500-1630



Agenda



Mr.

- **Roll Call
Argodale**
- **Opening Remarks
Mr. Argodale**
- **Summary Program Update**
- **Special Interest Items Mr.
Argodale**
- **Closing Remarks: Mr.
Argodale**



Opening Remarks

**Mr. John J. Argodale
Deputy Assistant Secretary of the
Army
(Financial Operations)**



Program Update



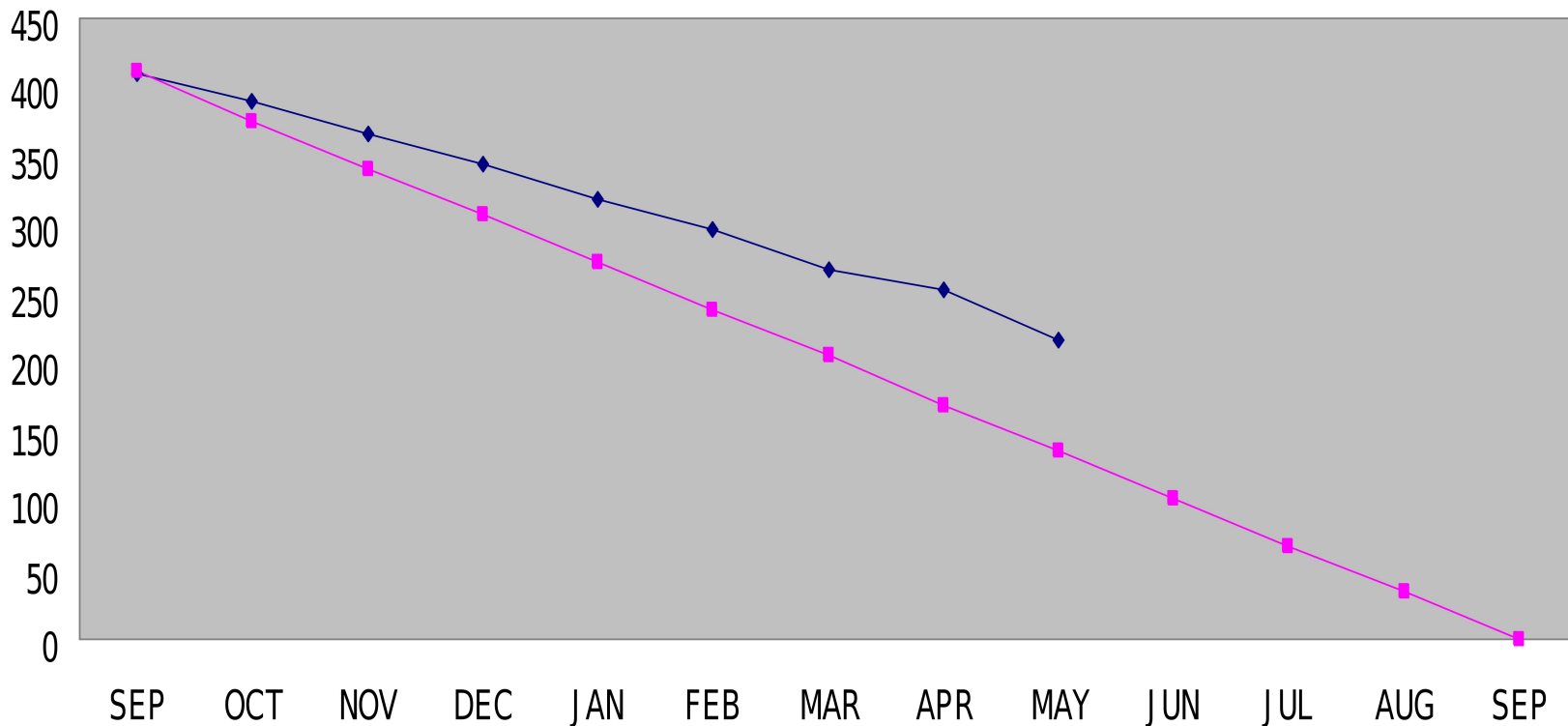
FY 06 Canceling Appropriations

Actual vs. Straight Line Liquidation

By Sep 30, 2006:

- Reduce unliquidated obligations to zero

1 Oct 05 = \$ 410.66
31 May 06 = \$ 216.43

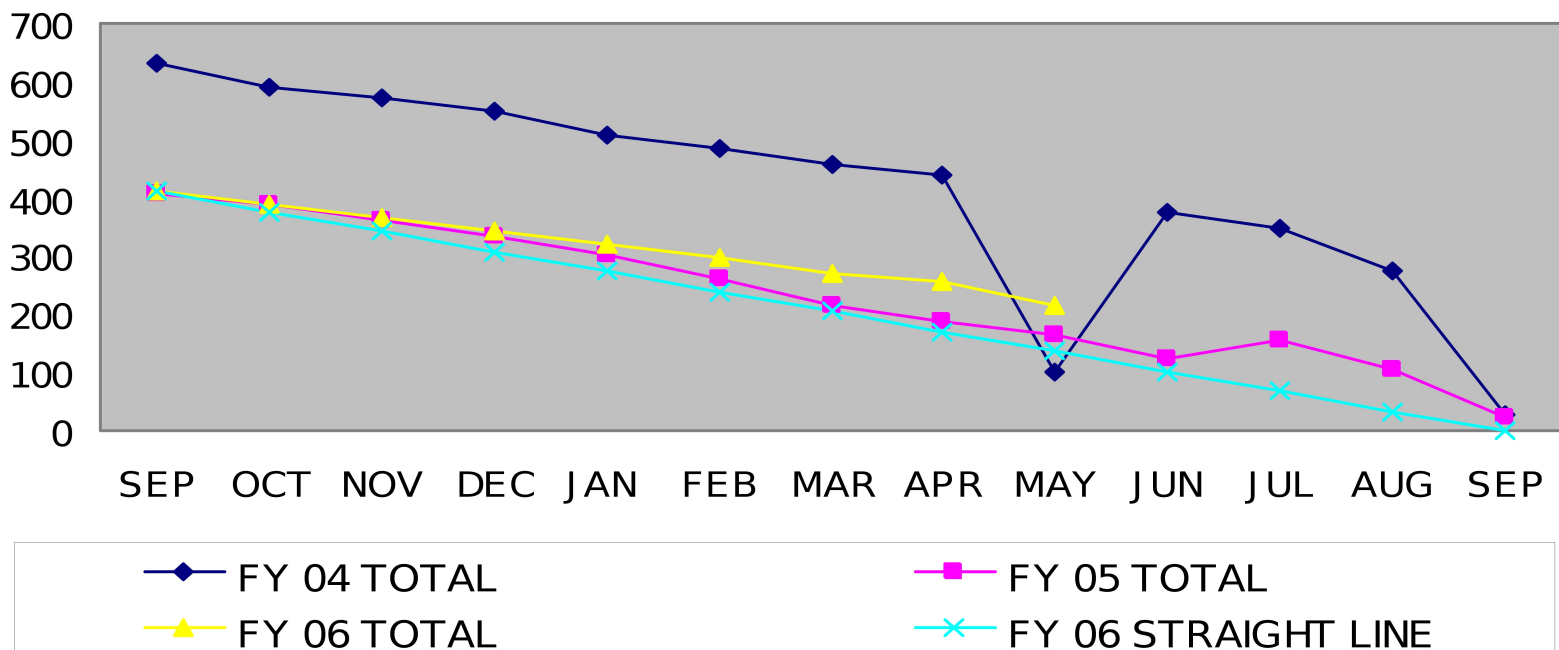


DATA SOURCE: DFAS REPORT



Canceling Appropriations

FY04 FY06



	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY 04 TOTAL	633	592	572	550	508	487	456	440	101	374	349	273	26
FY 05 TOTAL	409	387	363	332	303	261	217	187	165	125	156	106	21
FY 06 TOTAL	411	391	366	344	319	297	268	254	216				
FY 06 STRAIGHT LINE	411	375	341	307	273	239	205	170	136	102	68	34	0

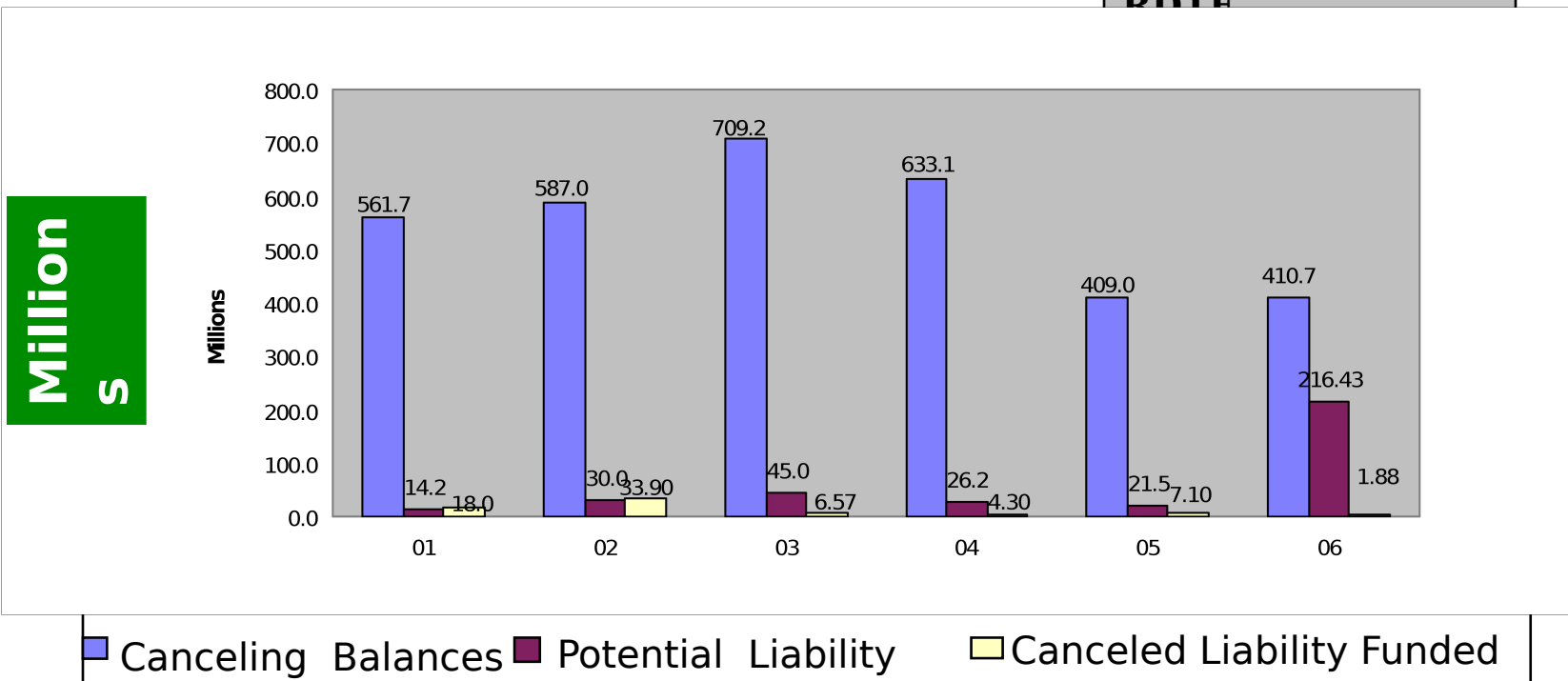
DATA SOURCE: DFAS REPORT



Army Payoff -Cancelina Appropriations

Total Potential Liability FY00-FY05 \$
216.4
Total Paid FY00 - FY06 \$
80.1

Funded as of 31
May 06
AFH \$
306,258.43
MCA
6,719.00
PROC
573,586.58
PDTE



DATA SOURCE: DFAS, ARMY BUDGET



Fourth Expired Year ***(millions)***

By Sep 30, 2006

- Reduce 4th expired year by 50%
= \$351M

DATA SOURCE: DFAS REPORT

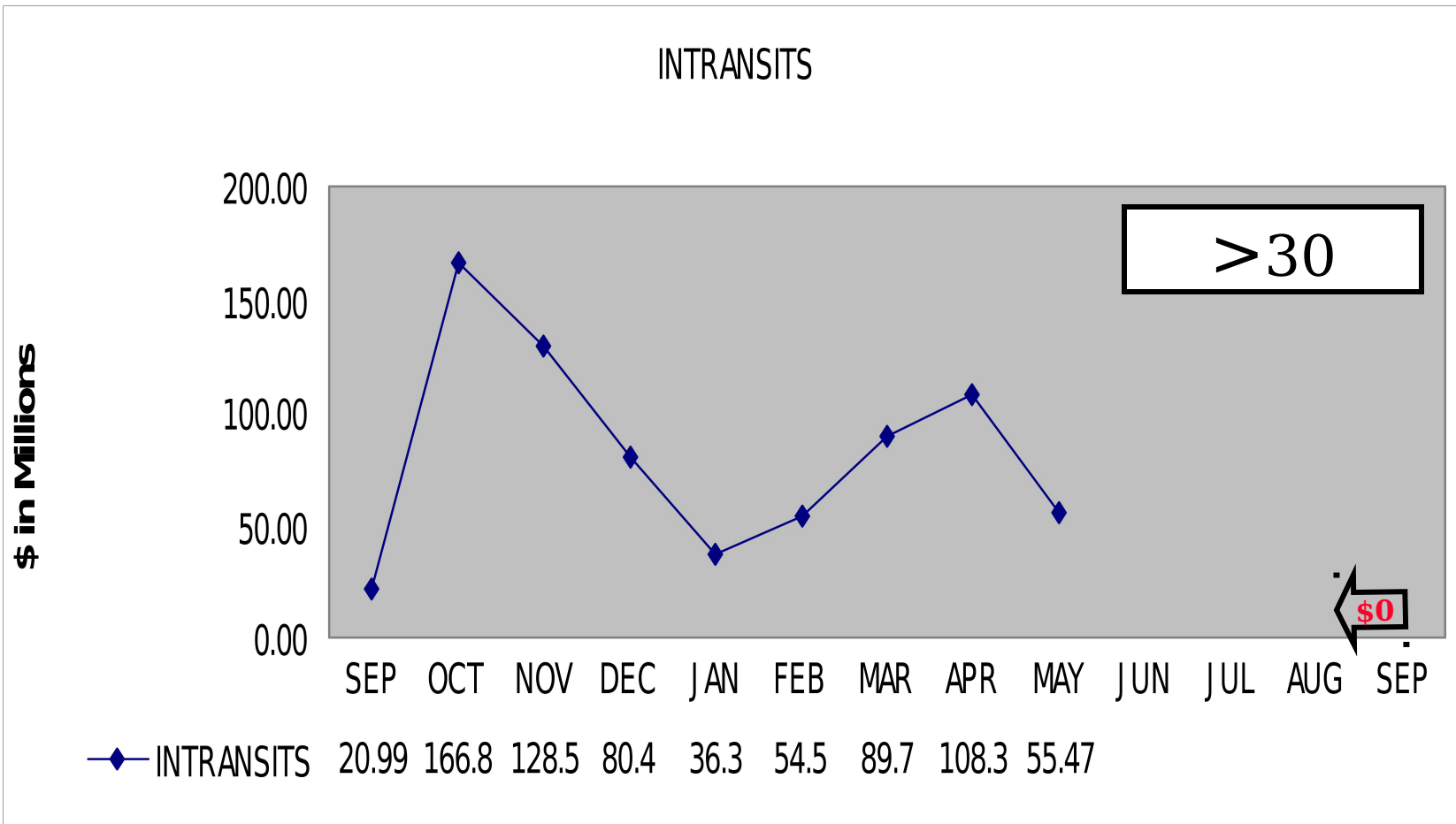


INTRANSITS

Disbursements

By 30 Sep 2006:

- Baseline of 30 Sep 2005
- Reduce to zero (>30 days)



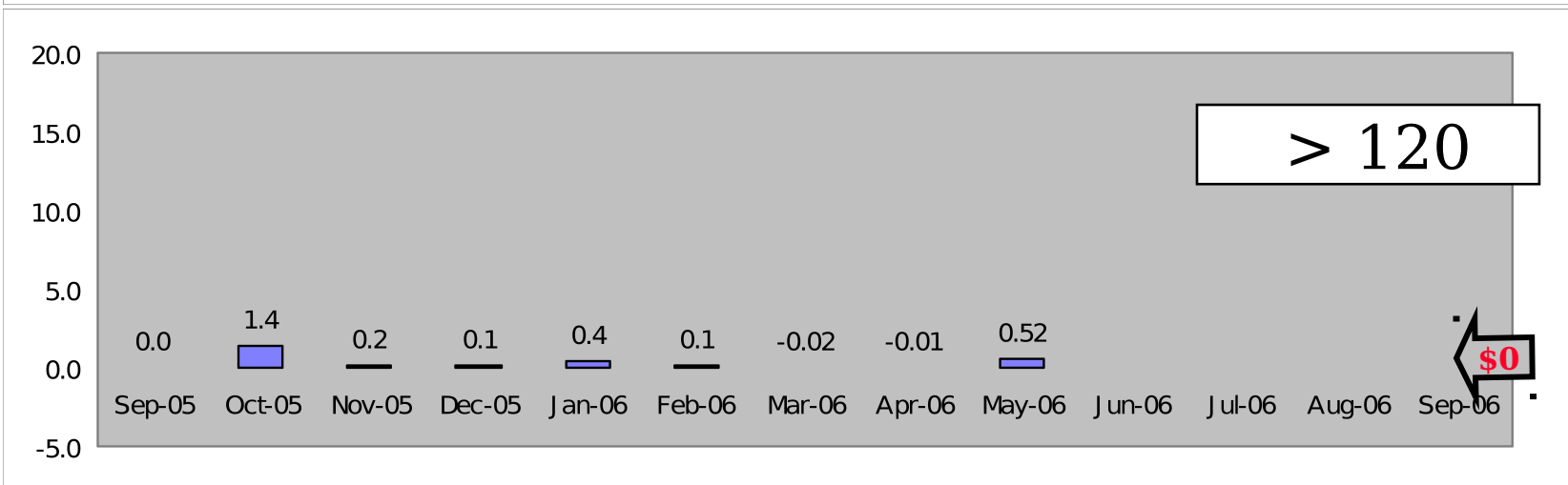
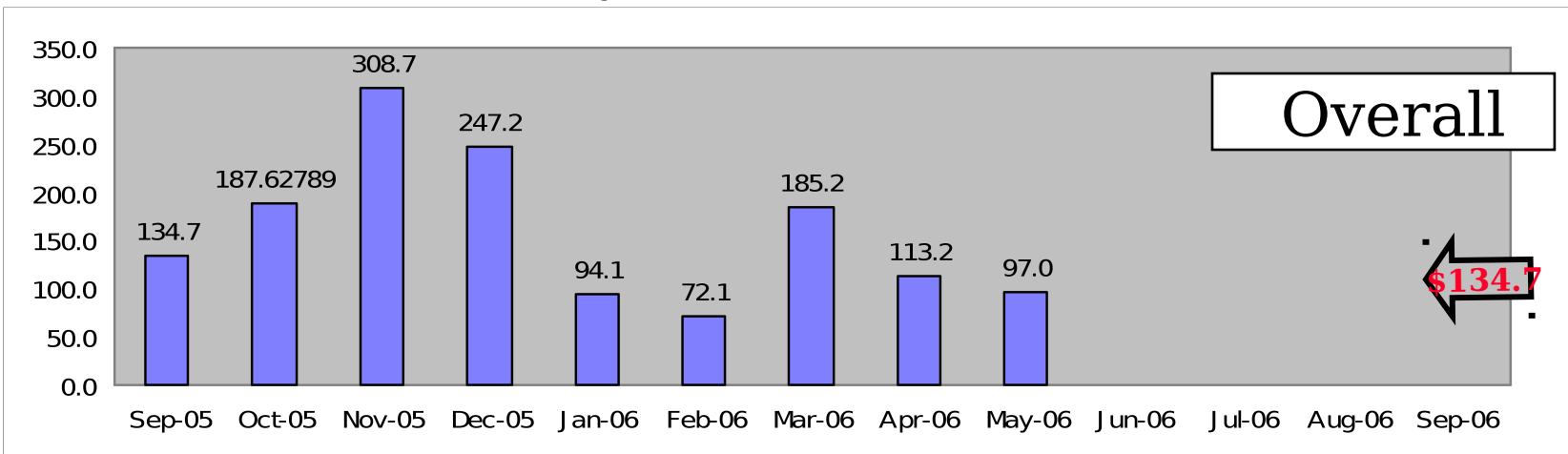
DATA SOURCE: DFAS



Unmatched Disbursements

By 30 Sep 2006:

- Reduce Total UMD to be equal to or less than Sep 30 2005 balance
- Reduce to zero (>120 days)



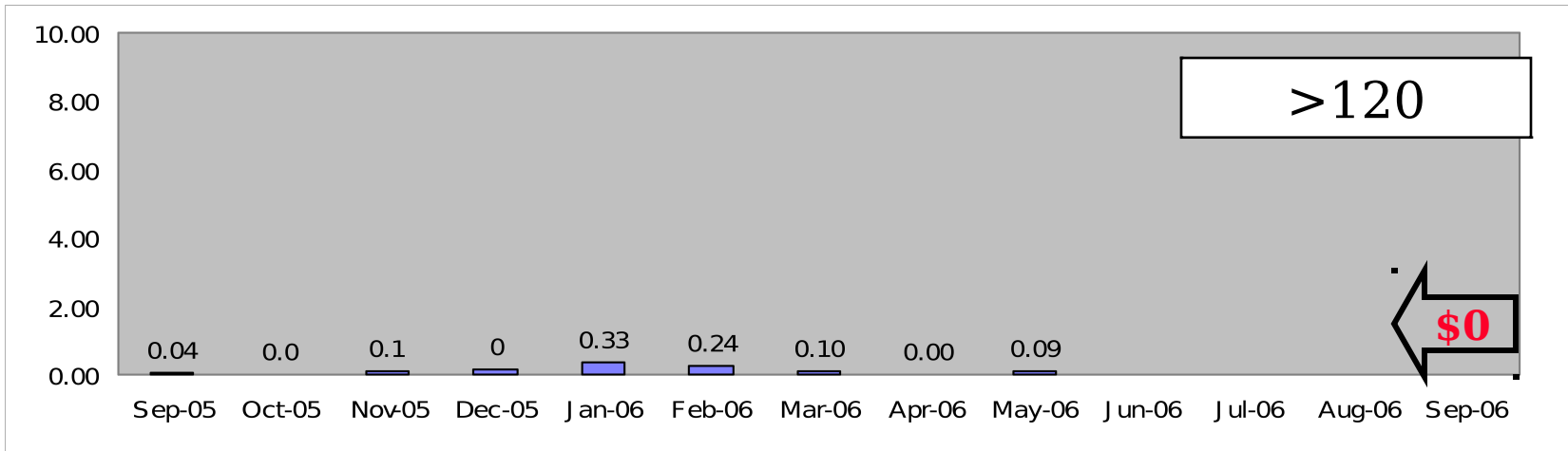
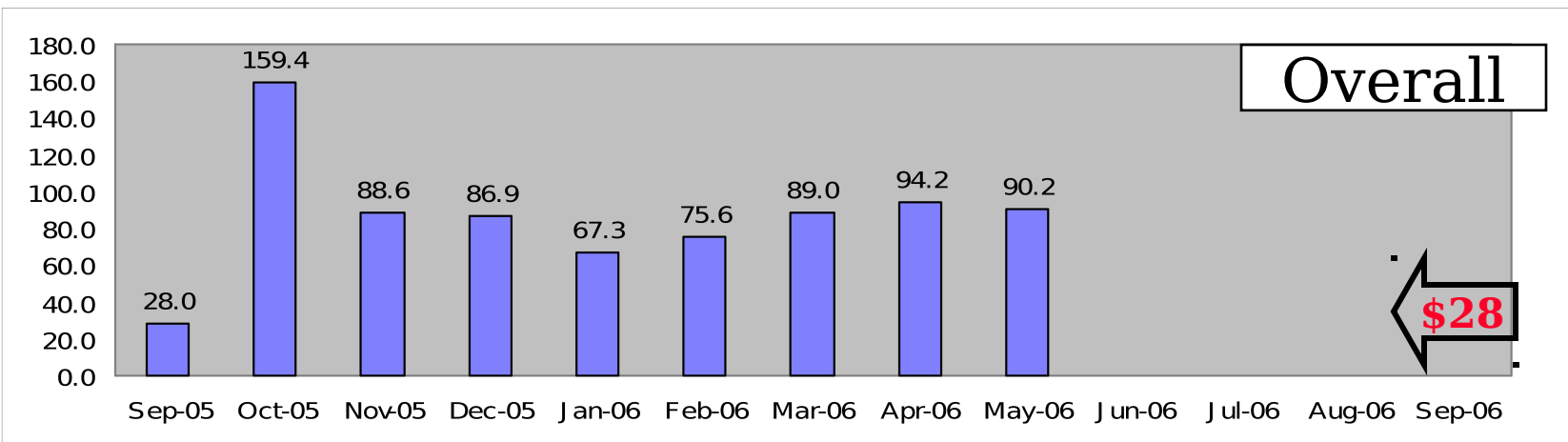
DATA SOURCE: DFAS



Negative Unliquidated Obligations

By 30 Sep 2006:

- Reduce total NULO to be equal to or less than Sep 30 2005 Balance
- Reduce to zero (>120 days)



DATA SOURCE: DFAS



Travel Advances Expired Years

By 30 Sep 30 2006:

- Reduce travel advance in expired years to zero

	<u>1 Oct 05</u>	<u>31 May 06</u>
<u>%Decrease</u>		
Expired Travel Adv	\$ 47.3M	\$ 9.5M
80.0%		
Expired Adv less OA-01	\$ 12.1M	\$ 1.1M
91.0%		
Expired Adv OA-01	\$ 35.2M	\$ 8.4M
77.2%		

Note: of the \$47.3M beginning balance, \$10M represents payroll advances. Adjustment was processed in Nov 05

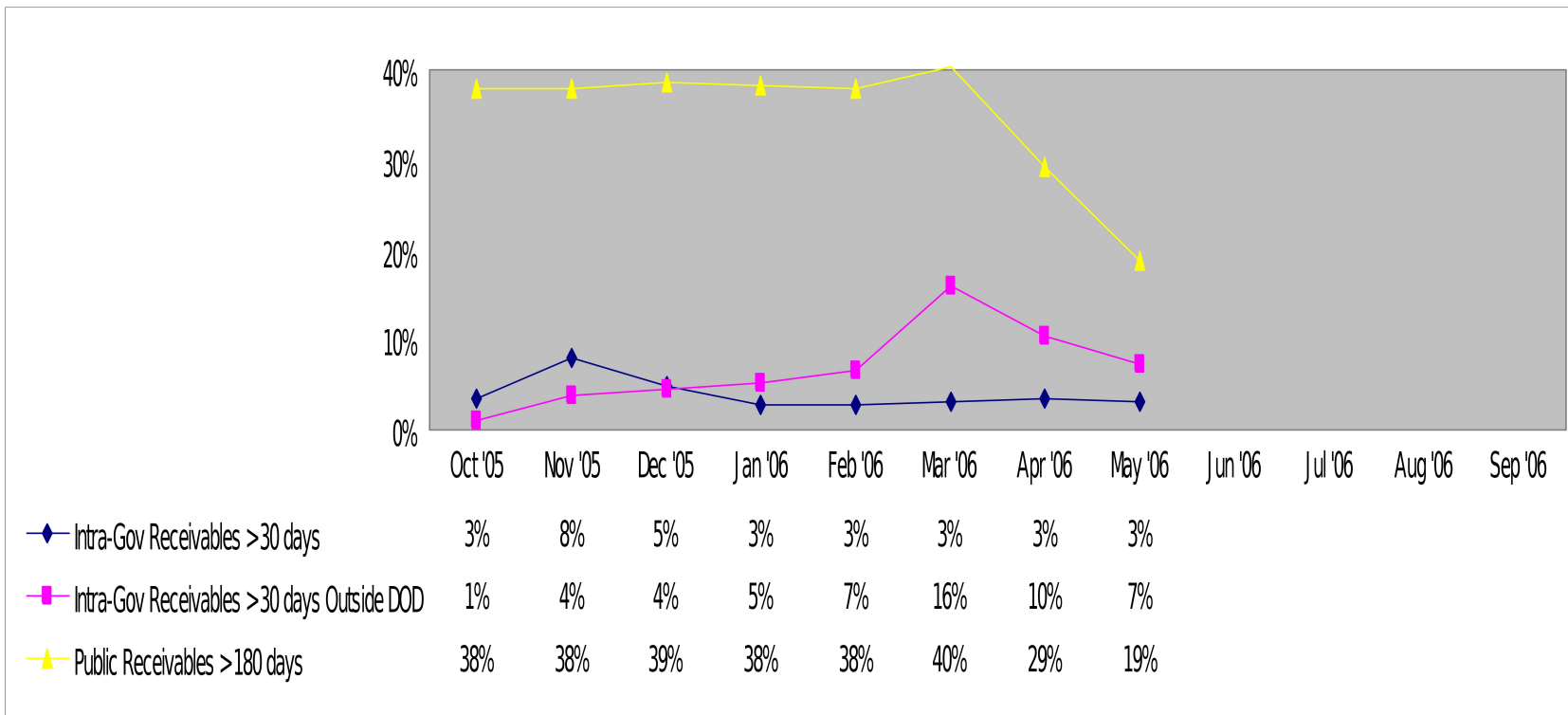
DATA SOURCE: DFAS REPORT



Accounts Receivable

By 30 Sep 2006:

- Reduce Intra-governmental Receivables > 30 days to 10 percent or less of Total Intra-Governmental Receivables
- Reduce Intra-governmental Receivables Outside DOD > 30 days to 10 percent or less of Total Intra-Governmental Receivables Outside DOD
- Reduce Public Receivable > 180 days to 10 percent or less of Total Public Receivables



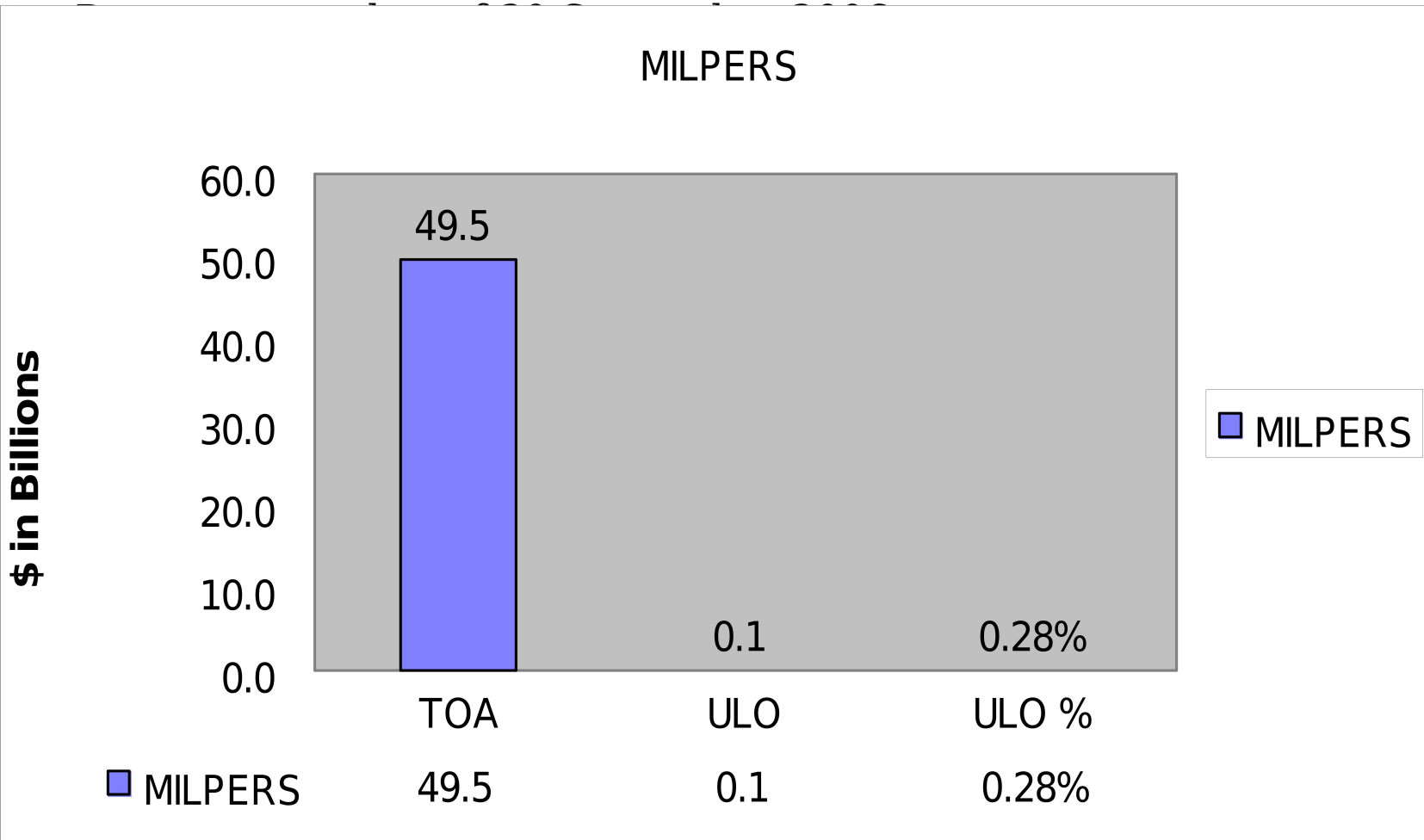
DATA SOURCE: DFAS



2nd Expired Year Un-liquidated Obligation

By 30 Sep 2006:

- Reduce Fiscal Year 2004 MILPERS ULO Balance to 0.5 percent or less of TOA



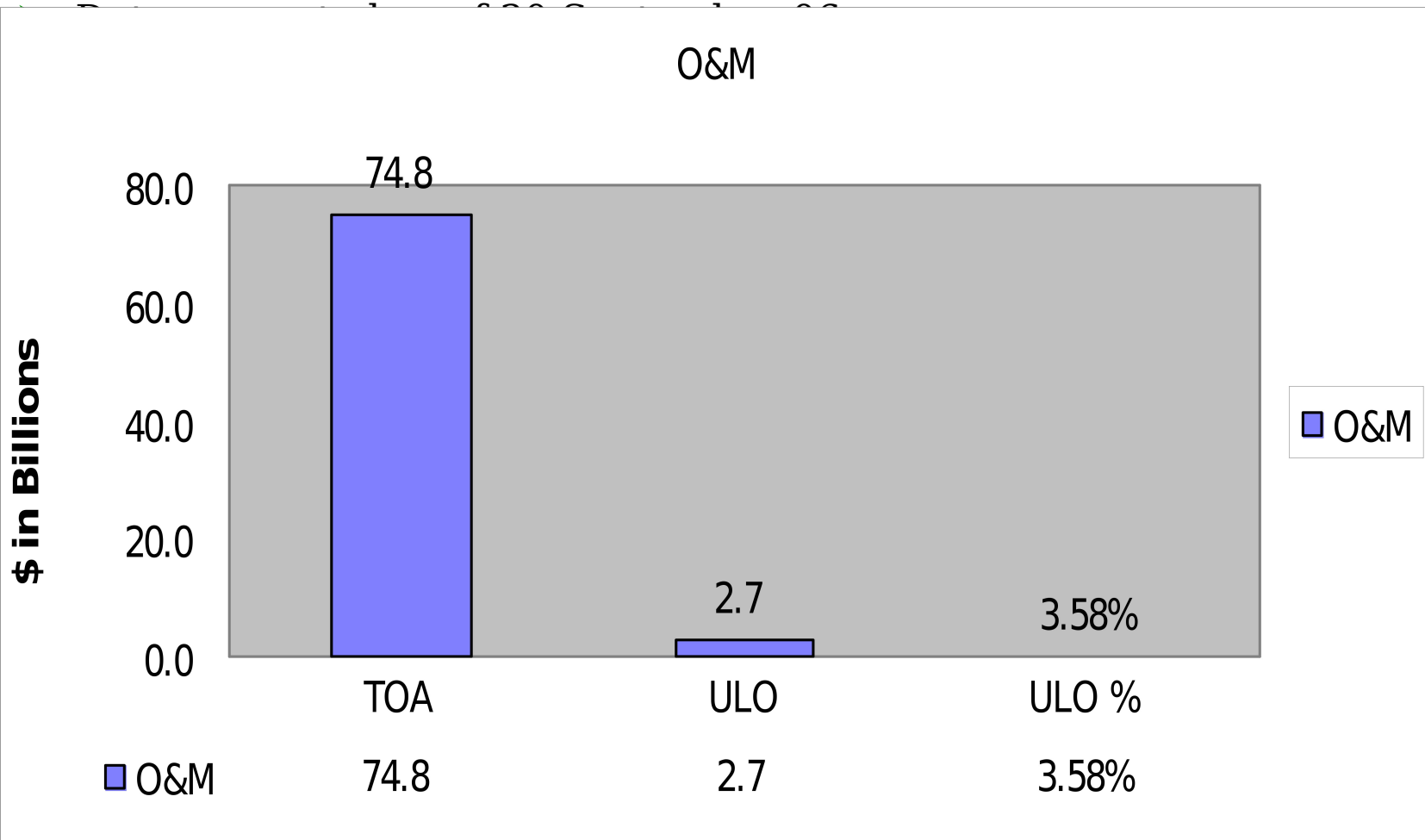
DATA SOURCE: DFAS



2nd Expired Year Un-liquidated Obligation

By 30 Sep 2006:

- Reduce Fiscal Year 2004 O&M ULO Balance to 3.0 percent or less of TOA



DATA SOURCE: DFAS



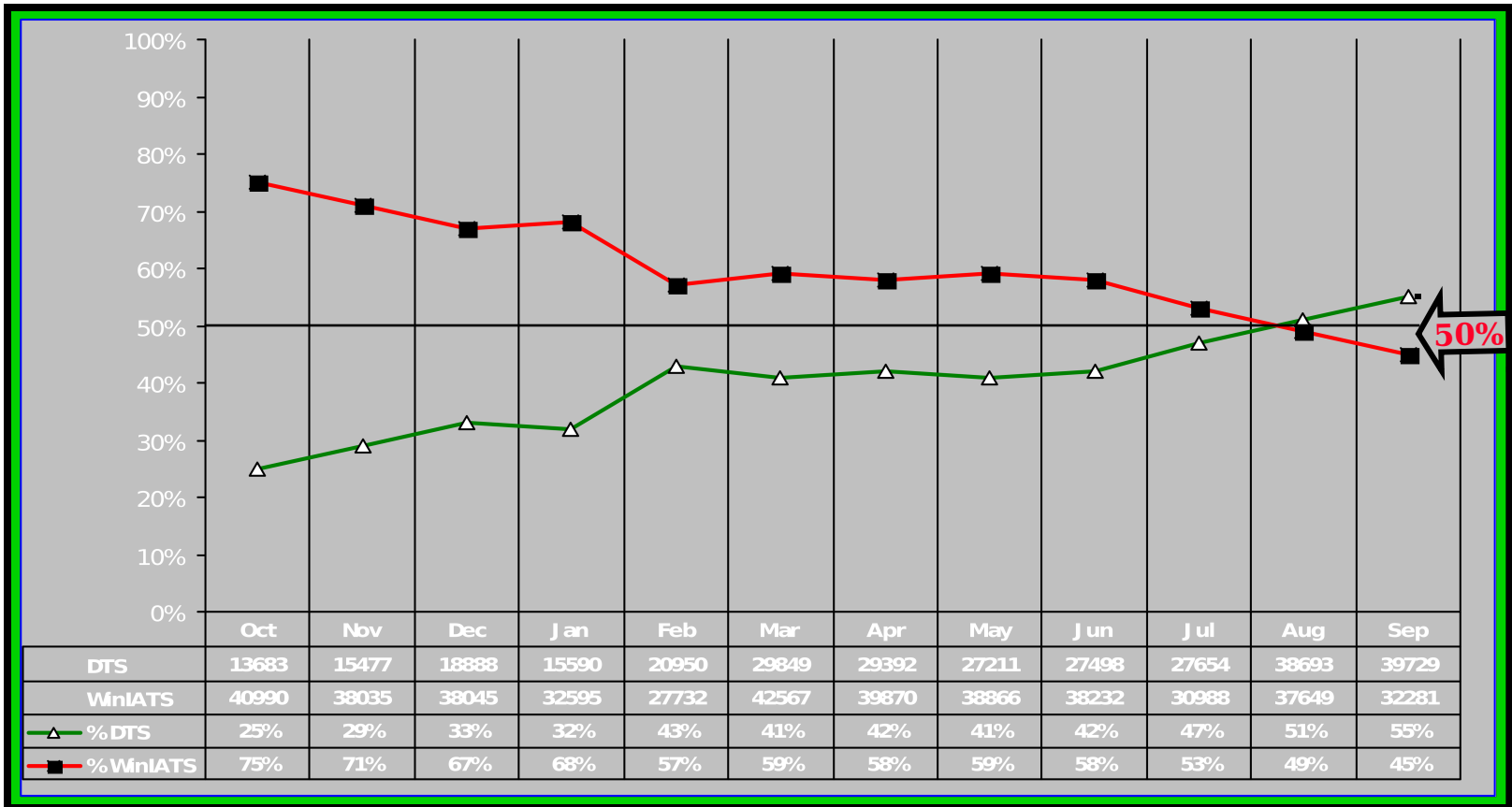
Voucher Percentage Summary FY 06

Only Sites Proliferated or Scheduled for Proliferation in FY 06

DTS RATES

WinIATS= 45%

By Sep 30, 2006: Increase DTS Usage to 50% DTS= 55%



Note 1: Does not include any claims processed by Contingency Travel Office.

Note 2: Does not include any PCS claims.

Note 3: Only includes WinIATS claims processed by servicing Travel Office.



Special Interest Items



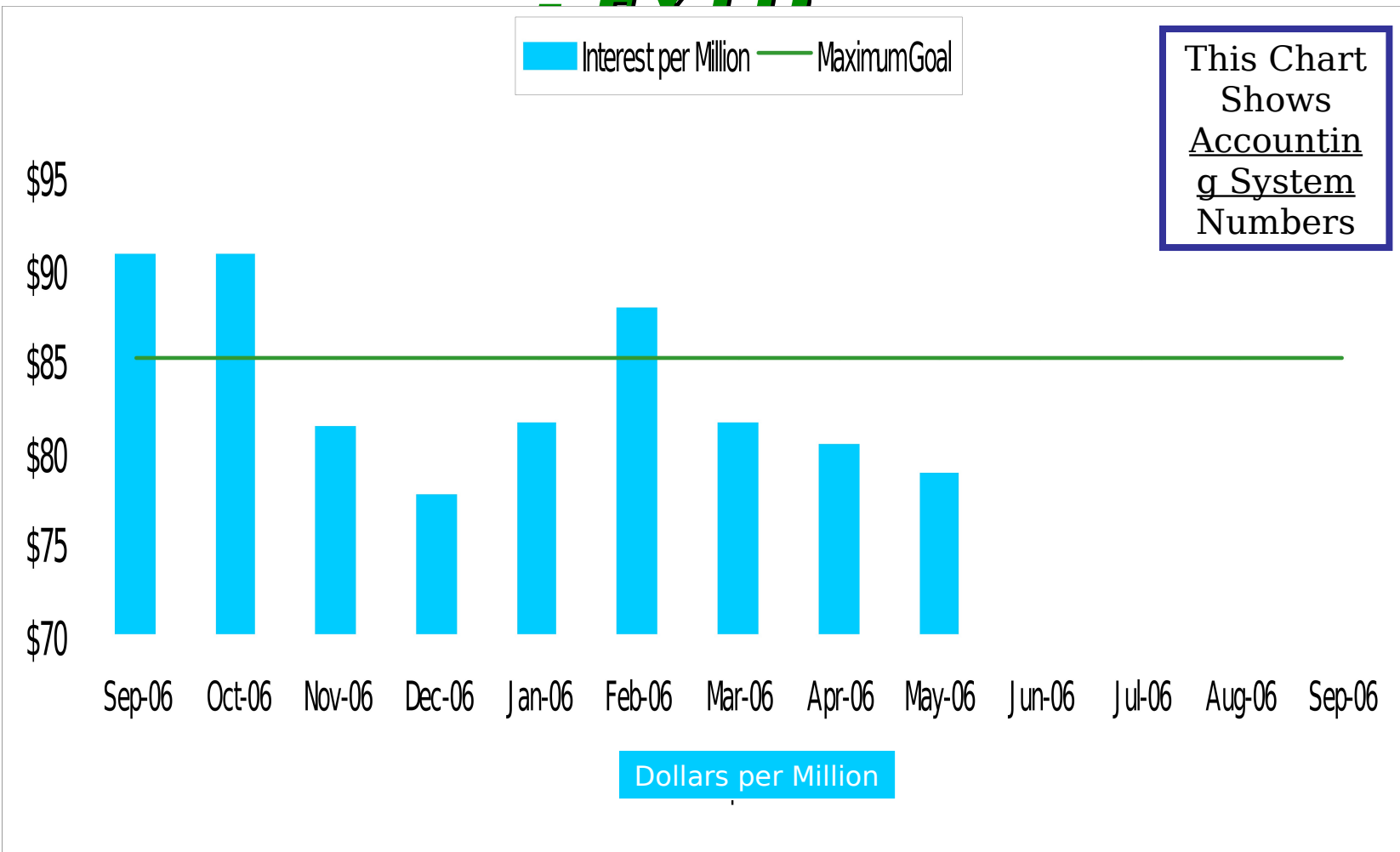
DFAS

Prompt Pay Interest Reduction



Prompt Pay Interest Reduction

EVTD



**YTD
Army**

**Sep FY05
90.76**

**FY 06 Goal
85.00**

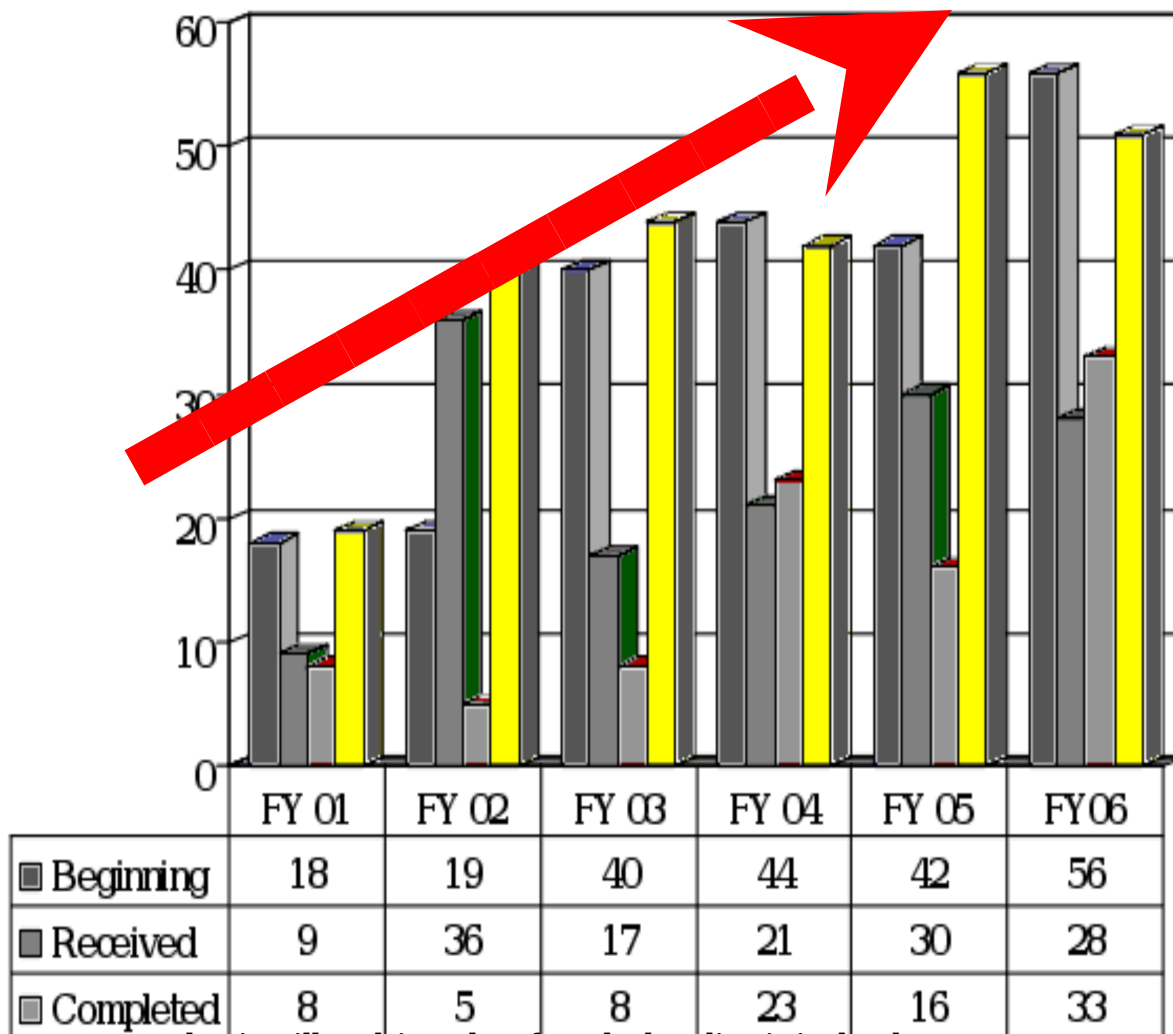
FY 06

78.77



Antideficiency Act Program Formal and Preliminary Cases

Cases

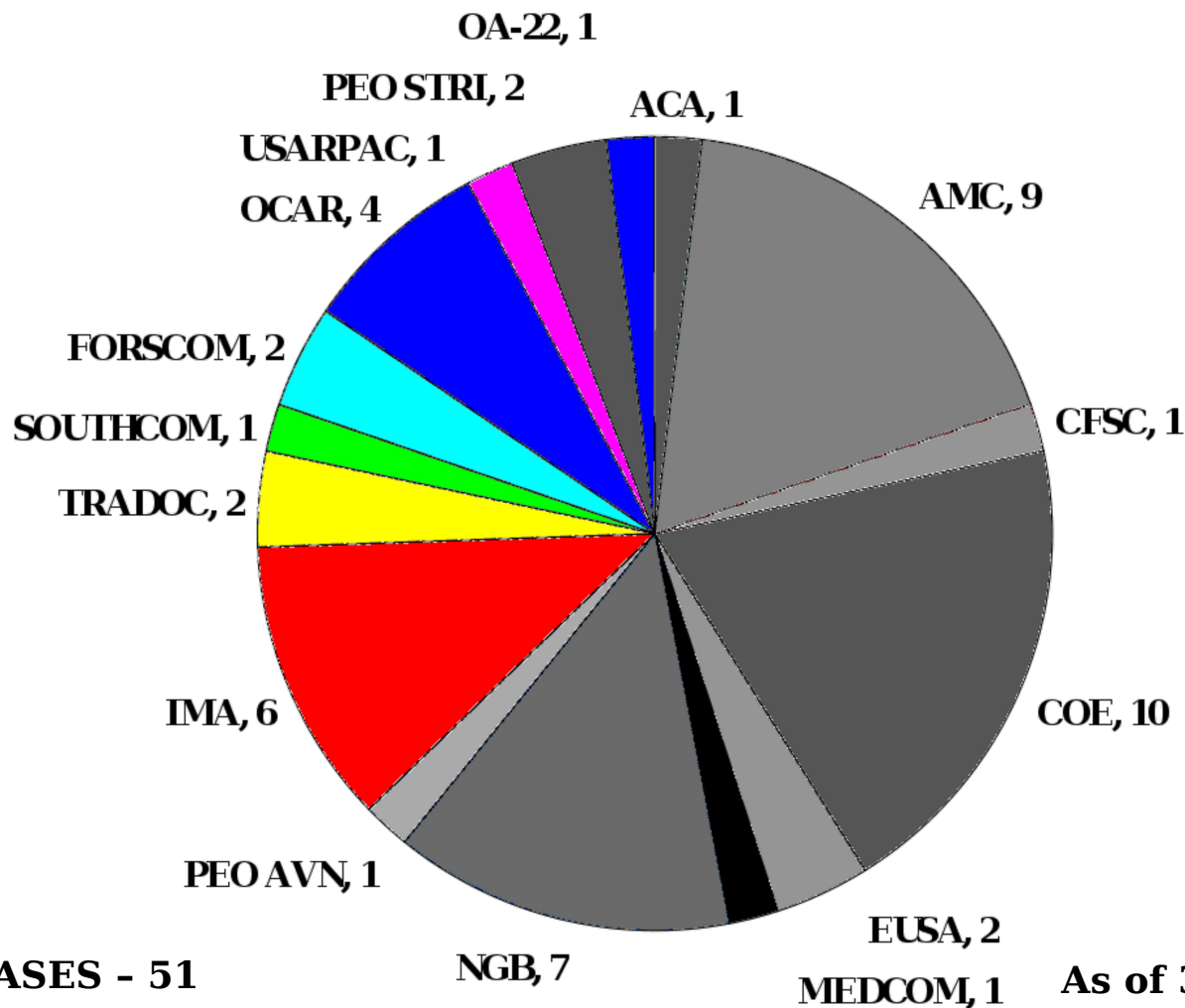


Tracking of Preliminary Cases is a new measurement that is still evolving; therefore the baseline is in development.

As of 30 Jun 2006



Antideficiency Act Program Formal and Preliminary Cases



OPEN CASES - 51

As of 30 Jun 2006



Antideficiency Act Training

MACOM	NUMBER OF PERSONNEL AUTHORIZED TO CERTIFY FUNDS	# TRAINED FUND CERTIFIERS
AMC	4,809	1,321
USACE	1,734	1,105
NGB	1,678	869
MEDCOM	1,535	1,535
IMA	774	635
ASC	473	275
TRADOC	394	289
FORSCOM 1/	314	244
OCAR	260	109
ATEC	106	102
NETCOM	105	41
OA-22	94	92
ACA	73	33
USAREUR	69	57
USARPAC	58	42
EUSA	54	42
CIDC	32	16
EUCOM	22	12
SMDC	14	14
SOUTHCOM	13	12
USMA	9	9
INSCOM	5	5
TOTAL	12,625	6,859

FORSCOM "Trained" includes ONLY Fiscal Law Training, does not include Appropriations Law or other equivalent courses.

As of 1 Jul 2006



Antideficiency Act Training

- June 2, 2006 Memorandum from the ASA-FM&C
 - Emphasized Training as an important aspect of preventing ADA violations.
 - Ask that MACOMs review training of fund certifying officers within the command and report no later than July 1, 2006:
 - Total number of personnel authorized to certify funds and
 - Whether fund certifiers have attended fiscal law training.
 - Certifying officers who have not been trained, should be enrolled in the next available fiscal law course.
 - Certifying officers should be encouraged to repeat this training every five years.
- FUND CERTIFIERS Defined: (DFAS 37-1)
 - Authority exercised over the receipt, distribution, use, and management of budget authority appropriated to, or administered by the Army to ensure that:
 - Funds are used only for authorized purposes.
 - Funds are used economically and efficiently.
 - Distributions, commitments, obligations, and expenditures do not exceed amounts authorized and available.
 - Distribution, obligation, or disbursement of funds is not reserved or otherwise withheld without congressional knowledge and approval.

This does not preclude deferral or withholding action to provide reserves for contingencies or reprogramming within delegated authority.
- “TRAINED” FUND CERTIFIERS Defined:
 - Fiscal Law, Federal Appropriations Law, On-line Fiscal Law or other similar



Interagency Agreements (IA)

REQUIREMENT

Memorandum dated May 11, 2006 from ASA-FM&C. Subject: "Proper Use of Interagency Agreements for Non-Department of Defense (Non-DoD) Entities Under Authority Other Than the Economy Act", requested the Army to commence corrective actions immediately by:

- Reviewing all interagency agreements and determining the validity of each agreement.
- Closing out all completed agreements and coordinate with the outside entity to return all funds remaining.
- Deobligate funds that are now past their period of availability ("expired funds") unless:
They meet the criteria identified in the memorandum dated March 24, 2005 from OUSD(C).



Interagency Agreements (IA)

Results of the Review

	FUNDS REMAINING	FUNDS	% OF FUNDS
FY ULO'S	REVIEWED	DEOBLIGATED	DEOBLIGATED
01	\$ 32,726,269	\$ 2,227,766	7 %
02	\$ 66,398,405	\$ 4,019,281	4 %
03	\$ 97,091,588	\$ 14,428,119	7 %
04	\$ 153,361,901	\$ 45,651,679	13 %
05	\$ 203,506,919	\$ 12,431,223	4 %
	\$ 659,582,371		
TOTAL	\$987,324,744	\$78,758,068	8 %
	\$6,349,248,469		



Interagency Agreements (IA)

- ***Reviewed only \$1B of total \$6.3B prior year unliquidated balances***
- ***\$2.9B remains unliquidated in FY04 and prior***
- ***Rational for unliquidated balances are elusive***
- ***Deobligate FY04 and prior by 31 August 2006***



OFF-LINE PURCHASES

- Problems include circumvention of established controls, weaknesses in property accountability, and lack of financial controls that could cause ADA violations.
- Immediate fix: Joint ASA(FM&C)/HQDA G4 040359Z Feb message restricts access of off-line supply systems.
- AAA identified management control problems related to off-line purchases outside the standard Army supply system with GSA, DLA, and prime vendors.



OFF-LINE PURCHASES

RESULTS

Review of DOD E-Mail purchases (March & April 2006) discloses an increase in transactions, a low rate of transactions processing through the supply systems (~40 %) and only ~33% of transactions obligating prior to a disbursement

Review of STANFINS Obligate, Accrue, and Disburse-Interfund(TA29) discloses increase in interfund disbursements without obligations

CONCLUSION

Compliance with February 2006 guidance may not be adequate

Additional restrictions may be needed



ACCOUNTING ADJUSTMENTS

- Recent ADA investigations and other sources reveal accounting adjustments are processed without proper documentation and approval.
- Adjustments must be properly documented and approved in accordance with regulatory guidelines
- Below are preliminary numbers for documented SF1081s processed through DSSN 5570 October 2005 – June 2006

Qtr	Absolute Value	Number of Transactions	*Appx Number of DOVs	**Avg Amount of Each DOV
1st	1,717,184,568.67	53,016	26,508	\$32,389.93
2nd	1,688,086,193.09	11,967	5,984	\$141,061.77
3rd	2,203,337,172.43	69,168	34,584	\$31,854.86
Total	5,608,607,934.19	134,151	67,076	\$41,808.17
Avg Per Month	\$623,178,659.35	14,906	7,453	\$41,808.17



ACCOUNTING ADJUSTMENTS CONT.

- To strengthen controls, ASA(FM&C) and DFAS are conducting a thorough review of accounting adjustment policy:
 - Regulatory requirements
 - Flow chart of current process
 - Consider all points of entry and various systems
- Revised policy to be published by end of FY-06.



Joint Reconciliation Program

➤ ***Website:***

<http://www.asafm.army.mil/fo/fod/jrp/jrp.asp>

➤ ***Centralized mailbox:***

JointReconProgram@hqda.army.mil

➤ ***Next VTC: Scheduled for November
2006***

***FY 06 Phase II Reporting, 15
1630***





Closing Remarks